



**Independent Electrical Contractors  
of New England, Inc.**



**Testimony  
Brian Bonner  
Independent Electrical Contractors of New England  
Before the  
Finance, Revenue & Bonding Committee  
March 11, 2013**

The Independent Electrical Contractors of New England (IEC-NE) **supports SB-1053** which would expand the eligibility for the apprenticeship training tax credit to business entities other than traditional "C" corporation to include pass through entities. This positive legislation would provide additional incentives for job creation and a much-needed boost in the construction sector among electrical contractors and subcontractors.

The trades, both union and non-union, have always worked diligently to support the state's apprenticeship programs and feel that such programs are extremely valuable to our industries. Research shows that the rates of return to apprenticeships far exceed alternative training methods, such as community college or Workforce Investment Act training, for middle-skill jobs. Through sponsoring an apprenticeship program, employers can build employee loyalty, reduce the cost of training, attract more applicants, and improve productivity. Providing a tax credit to employers both provides an incentive for participating in the state's program, as well as properly compensates employers for helping to develop a skilled and ready-to-succeed work force.

As such, the existing tax credit should be expanded to LLCs and S-Corps. Many small businesses prefer to incorporate as LLCs because this structure provides greater flexibility in accounting and management. There appears to be no discernible tax policy reason for the current preference in state law for C Corps over these other business structures in providing apprenticeship tax credits. These small business owners in the electrical industry are well positioned to take on apprentices, and both employer and apprentice can reap a great benefit from this extended on-the-job education. LLCs and S-Corps generate jobs and pay taxes here in the state, and these corporate structures have taken on increasing prevalence in recent years, and the trend only continues upward. It is time to amend our tax policy to reflect these changes accordingly.

Furthermore, **IEC also strongly supports Section 5 of SB-1055**, which would increase the dollar amount of the apprenticeship tax credit. Taken together, these two bills represent pro-growth initiatives for the construction trades and our ongoing workforce development. Thank you for your consideration of our comments, and **IEC urges passage** of these bills.

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